



ENERGY ASSURANCE DAILY

Monday, January 29, 2007

Major Developments

Explosion Shuts FCC at Valero's 230,000 b/d Texas City Refinery January 28 Traders Say Crude Distillation Unit is Also Shut - OPIS

On Sunday afternoon an explosion sparked a level-3 fire that shut the 85,000 b/d fluidic catalytic cracking (FCC) at Valero's Texas City, Texas refinery. The fire broke out in a pump feeding gasoil to the FCC at 2:30 p.m. on Sunday and was extinguished by 4:00 p.m. same day. According to Valero, production from the unit has been stopped and other related units have been cut back. Valero is still assessing the impact to production and does not know how long the FCC will be shut. An OPIS Price Watch Alert released this afternoon reports that traders say the fire also forced the plant's crude distillation unit to shut.

Watch Video: http://www.khou.com/news/local/stories/khou070128_tnt_refineryfire.2b004fbd.html
<http://www.forbes.com/feeds/ap/2007/01/29/ap3370956.html>

Reuters, 19:54 January 28, 2007

Bloomberg News, 21:01 January 28, 2007

OPIS Price Watch Alert, 12:31 January 29, 2008

Electricity

Update: FPL's 1,159 MW Seabrook Nuke Unit in New Hampshire Back at Full Power January 29

The company reduced the unit to about 15 percent of capacity and took it off line on January 25 to work on repairing a transmission line problem that had been damaged by cold weather.

Reuters, 07:46 January 29, 2007

Bloomberg News, 13:32 January 29, 2007

Dominion's 1,155 MW Millstone Nuke Unit in Connecticut Shut January 29

Reuters, 12:01 January 29, 2007

Constellation's 585 MW Ginna Nuke Unit in New York Restarts January 29

The company shut the unit on January 27 to fix a loose electric connection related to a turbine.

Bloomberg News, 11:42 January 29, 2007

PSEG's 1,049 MW Hope Creek Nuke Unit in New Jersey Shut January 28-29

Reuters, 12:01 January 29, 2007

Update: NPPD's 756 MW Cooper Nuke Unit in Nebraska Back at Full Power January 29

The unit was operating at 60 percent of capacity on Friday after a reactor circulation pump tripped.

Reuters, 07:59 January 29, 2007

TVA's 1,142 MW Watts Bar Nuke Unit in Tennessee Ramps Up January 29

The 1,142 MW unit reduced to 40 percent of capacity over the weekend for inspections on a condenser and began ramping up on January 29.

Bloomberg News, 12:07 January 29, 2007

APS's 1,247 MW Palo Verde Nuke Unit 3 in Arizona Shut January 27

Reuters, 12:01 January 29, 2007

Southern's 869 MW Hatch Nuke Unit 1 in Georgia Reduced to 12 Percent January 29

The company reduced power over the weekend to repair wiring to a control valve. On Friday, the unit was operating at 90 percent of capacity.

Reuters, 07:54 January 29, 2007

Bloomberg News, 11:17 January 29, 2007

OPG's 515 MW Pickering Nuke Unit in Ontario Shut January 29

Reuters, 12:01 January 29, 2007

Edison's 650 MW Homer City Coal-fired Unit 3 in Pennsylvania Shut January 29

Reuters, 12:01 January 29, 2007

Dominion's 521 MW Mt. Storm Coal-fired Unit in West Virginia Shut January 27

Reuters, 12:01 January 29, 2007

TXU's 750 MW Martin Lake Coal-fired Unit 3 in Texas Shut January 29

The company shut the unit to fix a tube leak.

Reuters, 11:32 January 29, 2007

AEP's 690 MW Oklaunion Coal-fired Unit in Texas to Restart January 27-30

The company will restart the unit, after shutting it January 23-27 to fix a tube leak.

Reuters, 09:18 January 29, 2007

TradeWind Energy Plans 100MW of Wind Turbines in Kansas

The president of TradeWind Energy said on January 26 that his company plans to have a phase one of the Smoky Hills project in Kansas completed by the end of 2007. This would include 56 wind turbines with a combined 100-MW capacity

<http://powermarketers.net/content/inc.net/newsreader.asp?ppa=8knpp%5E%5BljgiooiRUlh%7D38%7Ddbfem%5Ev>

Texas Taskforce Examines How to Count Wind Generators in Electricity Reserve Margins

Global Energy performed a study for the Electric Reliability Council of Texas (ERCOT) and recommended that the "effective load carrying capability" of wind capacity for reserve-margin calculations should be 8.7 percent of wind turbines' nameplate capacity. By 2008, ERCOT expects to have over 4,500 MW of wind capacity online.

<http://www.platts.com/Electric%20Power/News/6342363.xml?p=Electric%20Power/News&sub=Electric%20Power>

Petroleum

Tank Leak Detected at ConocoPhillips's 139,000 b/d Wilmington Refinery in California January 28

The company discovered a leak in a jet fuel tank at the refinery and is in the process of emptying the tank to determine the spot of the leak. A company spokeswoman said that there is no impact to production or supply and the refinery is operating normally.

Bloomberg News, 14:38 January 26, 2007

Flaring Reported at Chevron's 270,000 b/d El Segundo Refinery in California January 29

In a filing with California regulators, the company reported flaring for "unknown reasons."

Bloomberg News, 10:33 January 29, 2007

Boiler Repaired at Alon's 75,000 b/d Big Spring Refinery in Texas January 29

The company repaired a malfunctioning boiler valve today. The alkylation unit was also shut for routine maintenance.

Bloomberg News, 13:17 January 29, 2007

Feed Line Leaks at Marathon's 72,000 b/d Texas City Refinery in Texas January 26

In a filing with Texas regulators, Marathon reported a leak in an olefin feed line.

Bloomberg News, 12:34 January 29, 2007

Tesoro to Boost Los Angeles-area Refinery Capacity by 21,000 b/d

Tesoro, which purchased the refinery from Shell Oil Co. on Monday, says it will expand refining capacity to 121,000 b/d by 2011 and expand the crude oil grades it can process. Tesoro will also replace the heater of the refinery's coking unit by 2010.

Reuters, 13:42 January 29, 2007

Unions Threaten to Take Over Orinoco Heavy Crude Upgraders in Venezuela

A group of five oil unions warned that it could take control of heavy crude oil upgraders in Venezuela's Orinoco belt if the private companies involved resist partial nationalization. Earlier this year, Venezuelan President Hugo Chavez said the government would take at least a 60 percent stake in the four Orinoco upgraders, which produce around 600,000 b/d. The unions specifically mentioned ExxonMobil, which they say is resisting contract changes to its 108,000 b/d Cerro Negro joint venture with Petroles de Venezuela. ExxonMobil says that it is in talks with the Venezuelan government to resolve the situation "amicably."

Reuters, 11:19 January 29, 2007

Reuters, 12:28 January 29, 2007

Nigeria to Clear Shipping Backlog After Last Month's Force Majeure on Exports

According to traders, Nigeria is planning to export 2.21 million b/d in March, the highest level since January 2006. Traders attributed the increase to a backlog of crude oil exports after militant attacks last month caused the temporary shutdown of the Brass River and Okono oilfields. Force Majeure was declared on all exports.

Reuters, 06:19 January 29, 2007

Natural Gas

Bentek Reports U.S. Natural Gas Production Down 5.3 Percent Jan. 10-17

This reduction takes U.S. natural gas production to levels as low as post-Katrina levels.

NGI, *Daily Gas Price Index*, January 29, 2007, <http://intelligencepress.com/>

Joint Venture Begins Construction on Golden Pass LNG Import Terminal in Texas

When complete, the 2 Bcf/d terminal in Sabine, Texas will import liquefied natural gas (LNG) from Qatar.

Reuters, 06:04 January 29, 2007

<http://www.ferc.gov/industries/lng/indus-act/terminals/exist-prop-lng.pdf>

FERC Rejects Calypso's Request to Begin Construction of Florida Pipeline

On January 25, FERC denied a request of Calypso U.S. Pipeline to begin construction of an offshore Florida pipeline before an affiliate has received regulatory approval to build an LNG terminal and a connecting pipeline in the Bahamas.

NGI, *Daily Gas Price Index*, January 29, 2007, <http://intelligencepress.com/>

Dominion Cancels Greenbrier Pipeline Project

Dominion Transmission said it has cancelled plans to build the Greenbrier Pipeline that would have served the industrial and residential gas needs in the Mid-Atlantic and Southeast regions, primarily Virginia and North Carolina.

NGI, *Daily Gas Price Index*, January 29, 2007, <http://intelligencepress.com/>

Other News

First Methanol Closed-Loop System to Produce Ethanol to be Completed in February

The plant which will produce about 25 million gallons of ethanol is the first plant to use a methanol closed-loop system. Manure from an adjacent cattle ranch will be used to produce methane gas to provide power to fuel operations at the plant. Sugar from corn will be distilled to make the ethanol, and the corn by-products, called wet distiller's grain, will be fed to the cattle.

<http://www.chron.com/disp/story.mpl/business/energy/4504131.html>

Energy Secretary Bodman Calls for End to U.S. Tariff on Imported Ethanol

Secretary Bodman made this suggestion on Friday as a way to meet President Bush's call for blending 35 billion gallons of ethanol into gasoline by 2017. U.S. Senator Charles Grassley from Iowa, a major corn-growing state, wants the 54 cent-per-gallon tariff to remain. The U.S. currently imports about 7 percent of the ethanol used domestically, receiving it duty-free as part of a Caribbean Basin Initiative agreement.

<http://www.platts.com/Oil/News/6342130.xml?p=Oil/News&sub=Oil>

Energy Prices

U.S. Oil and Gas Prices January 29, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	54.40	51.36	67.81
NATURAL GAS Henry Hub \$/Million Btu	7.35	7.20	8.19

Source: Reuters

Energy Notes

NPRA Launches www.fuelforamerica.org

11,035 Customers in Hawaii Lose Power Morning of January 29

<http://www.khnl.com/Global/story.asp?S=6004104&nav=0bov>

Nigerian Oil Unions Considering Strike to Protest Niger Delta Violence

Reuters, 11:57 January 29, 2007

Poor Weather Suspends Tanker Traffic on Turkish Straits, Round-Trip Delays Totaling 19-24 Days

Reuters, 07:54 January 29, 2007

China Begins Operating Strategic Oil Reserve – Xinhua News Agency

Reuters, 02:18 January 29, 2007

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:
<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: ead@oe.netl.doe.gov